

## Message Text

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ACTION STR-04

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 H-01 AGRE-00  
CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03  
INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01  
EPG-02 AID-05 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01  
SP-02 FEAE-00 OMB-01 /100 W  
-----053004 141540Z /53

P R 141411Z JUL 77  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 9188  
INFO AMEMBASSY BRUSSELS  
AMEMBASSY LONDON

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USMTN

ACTION STR

H PASS CODEL

BRUSSELS FOR USEC

E.O. 11652: N/A  
TAGS: ETRD, MTN  
SUBJECT: CONSULTATIONS WITH EC ON CUSTOMS VALUATION

1. SUMMARY; MTN DEL MET WITH EC TO DISCUSS EC WORK  
ON DRAFT CUSTOMS VALUATION PAPER. CHUMAS OUTLINED  
CURRENT THINKING ON TEXT WHICH EC HAS READY FOR DIS-  
TRIBUTION TO MEMBER STATES. IF MEMBER STATE AGREE-  
MENT IS OBTAINED, PAPER WILL BE DISTRIBUTED TO MAJOR  
MTN DELS IN EARLY FALL. MEMBER STATES WILL MEET ON  
VALUATION ON JULY 14. END SUMMARY.

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2. EC (CHUMAS) REQUESTED MEETING WITH US MTN DEL TO  
DISCUSS NEXT STEPS IN EC ENDEAVOR TO DRAFT CUSTOMS VAL-  
UATION PAPER. CHUMAS BEGAN BY OUTLINING EC THINKING  
FOR ITS NEWEST DRAFT. HE INDICATED THAT DUE TO INTER-  
NAL POLITICAL REASONS, AT THIS TIME THE COMMISSION  
COULD NOT ABANDON THE NOTIONAL CONCEPT AS THE PRIMARY  
VALUATION PRINCIPLE IN AN INTERNATIONAL CONVENTION.

HOWEVER, CHUMAS INDICATED THAT THEIR INTENTION WAS TO INCLUDE THE "NOTIONAL VALUE" AS THE FIRST TEST FOR VALUATION IN A HIERARCHICAL SYSTEM WITH SUBSEQUENT DISTINCT TESTS. FURTHER, THE CRITERIA FOR "NOTIONAL VALUE" WOULD BE SO DEFINED AS TO MEAN ONLY TRANSACTION VALUE. HE HAS ELIMINATED FROM HIS ORIGINAL DRAFT THE CONCEPT OF ADJUSTING PRICES TO OBTAIN A CUSTOMS VALUE. ON THE OTHER HAND, CONSTRUCTED VALUE WILL NOT BE INCLUDED IN DRAFT AT THE MOMENT. HE FURTHER INDICATED THAT IF PRESSED BY OTHERS, CONSTRUCTED VALUE MIGHT BE INCLUDED AS A VALUATION TEST, BUT IT WOULD HAVE TO BE QUALIFIED TO ENSURE FIRMS WOULD NOT HAVE TO "OPEN THEIR BOOKS" FOR THE SOLE PURPOSE OF PROVING CUSTOMS VALUE. WITH REGARD TO THE RIGHTS OF APPEAL SECTIONS, HE INDICATED THAT THIS PORTION OF THE ORIGINAL DRAFT WOULD NOT BE CHANGED AT THIS POINT, BUT ENVISAGES UTILIZING IN THE VALUATION CODE THE RESULTS OF THE WORK NOW BEING CONDUCTED TO AMEND DRAFT ANNEX H(1) OF THE KYOTO CONVENTION.

3. MTN DEL (NEWKIRK) INDICATED THAT WE ARE STILL WAITING FOR A DRAFT FROM THE EC BEFORE WE MAKE ANY FURTHER COMMENTS ON THE SUBJECT. HE FURTHER STATED THAT AT THIS POINT WE STILL LEANED TOWARDS A POSITIVE SYSTEM OF VALUATION USING TRANSACTION VALUE AS ITS BASIS. HE ALSO INDICATED THAT WE HAVE NO DEFINITE POSITION ON CONSTRUCTED VALUE AND WILL KEEP OUR OPTIONS OPEN.  
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4. CHUMAS STATED THAT IN AN APRIL MEETING THE MEMBER STATES HAD AN OPPORTUNITY TO CRITICIZE HIS INITIAL DRAFT. A NEW DRAFT HAS NOW BEEN COMPLETED AND THERE WILL BE A MEMBER STATE MEETING ON JULY 14 TO CONSIDER IT. HE HOPES TO FINALIZE THE DRAFT BY MID-SEPTEMBER, AT WHICH TIME IT WILL BE DISTRIBUTED TO MAJOR MTN DELEGATIONS. HIS SCENARIO AT THIS TIME IS TO ORALLY PRESENT THEIR APPROVED DOCUMENT AT THE NEXT VALUATION MEETING OF THE CUSTOMS MATTERS SUBGROUP. HE PREFERS TO PRESENT THE PAPER ORALLY TO EXPLAIN CONCEPTS PRIOR TO DISTRIBUTING THE PAPER TO ALL DELEGATIONS.

5. CHUMAS INDICATED THAT MAJOR INTERNAL PROBLEMS AT PRESENT WERE WITH THE BRITISH, BUT THAT HE WAS CERTAIN HE COULD BRING ALL MEMBER STATES ALONG.MCNAMARA

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENT DRAFT, POLICIES, MEETINGS, TARIFF AGREEMENTS  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977GENEVA05788  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Litigation History:**  
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**Message ID:** 6d27d76b-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION STR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
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**Status:** NATIVE  
**Subject:** CONSULTATIONS WITH EC ON CUSTOMS VALUATION  
**TAGS:** ETRD, MTN  
**To:** STATE USEEC  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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22 May 2009  
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